Capital
Pension Plan

2014

Annual Report
Capital Pension Plan

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Message from the Chair

As Chair of the Capital Pension Plan Board, it is my pleasure to present this Annual Report and audited Financial Statements for the year ended December 31, 2014. The Capital Pension Plan Diversified Fund's balanced portfolio ended 2014 with a solid annual rate of return of 9.82%, net of all investment management and administrative expenses.

The Pre-Retirement Fund's money-market portfolio provided an annual rate of return of 0.86% net of all investment management and administrative expenses. The Pre-Retirement Fund continues to achieve its performance objective to preserve capital in the short-term.

The Capital Pension Plan works to maximize Plan member investment growth while managing costs. For 2014, the Plan's cost recovery strategy resulted in a management expense ratio (MER) of 0.37%, which remains low compared to similar retail investment funds.

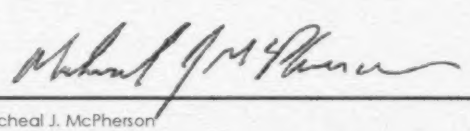
The Pension Board has explored how best to provide CPP members with expanded investment choice options and enhanced services in a cost effective manner. In 2014, the Pension Board made the decision that the Capital Pension Plan will join with the Public Employees Pension Plan (PEPP) in order to achieve this objective.

PEPP is the largest defined contribution pension plan in Canada. It currently serves 79 Participating employers, over 54,000 Plan members and holds $6.8 billion in assets. PEPP offers an established investment choice platform that includes a life cycle investment fund that automatically moves members to more conservative asset mixes over time. PEPP also offers enhanced member services such as daily investment fund valuations and personalized on-line retirement planning tools. With PEPP's significantly higher membership base and assets under management, PEPP is able to provide these enhances Plan features and member services while maintaining low expense ratios.

It is anticipated that the transition to PEPP will occur on or about June 30, 2015. At that time all Participating employers, Plan members and assets will move to PEPP. After the transition is completed, the Capital Pension Plan will cease operation as a separate entity.

As the Capital Pension Plan sunsets, I wish to thank my fellow Pension Board members for their true dedication to the Plan's membership. I also wish to very sincerely thank the Plan's administration staff and management for their commitment and very hard work as we guide the Plan through transition.

In closing, it has been most rewarding serving the Plan members and employers. I thank you the Board of Directors for the opportunity.



Micheal J. McPherson
Chair
Capital Pension Plan Board

Message from the Executive Director

As Executive Director of the Capital Pension and Benefits Administration, I wish to thank our Pension Board for their commitment to the Plan's membership. Capital Pension Plan administration continues to provide quality and timely service to our Plan members.

Retirement Annuity Fund Court Application

In 2014, the Capital Pension Plan continued with the final resolution of the Retirement Annuity Fund Court Application. As at December 31, 2014, 2,503 eligible individuals had received payment of their portion of the surplus funds, representing a total of $6.547 million. In 2015, Plan administration plans to return to the court to seek further direction for the remaining funds.

Retirement Annuity Fund Ad Hoc Increase

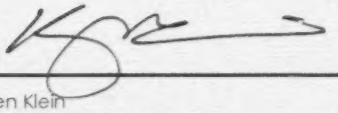
The Pension Board also approved a second ad hoc increase for retirees that purchased annuities from the Retirement Annuity Fund. The ad hoc increase will be applied to monthly annuity payments beginning January 2015.

Transition to PEPP

In late 2014, Capital Pension Plan (CPP) administration and the Public Employees Pension Plan (PEPP) began working on a joint plan to transition Participating employers, Plan members, Variable Benefit members and Plan assets from CPP to PEPP.

Plan member and Variable Benefit member account information and balances will transition to PEPP through an automated process. CPP's Diversified Fund and Pre-Retirement Fund will close and, through a transition manager, the funds will be moved to PEPP's investment funds. After the transition process has been completed, Plan members and Variable Benefit members will have an opportunity to review and make their own investment choice within PEPP's array of investment options.

Capital Pension Plan staff are committed to working jointly with PEPP to achieve a successful transition for CPP members and Participating employers.



Ken Klein
Executive Director
Capital Pension & Benefits Administration

Investment choice and Enhanced services

To help Plan members meet their retirement goals, the Capital Pension Plan Board has explored how best to provide expanded investment choice options and enhanced services in the most cost effective manner. In 2014, the Capital Pension Plan Board decided that the best way to meet these objectives is to have Capital Pension Plan (CPP) join with the Public Employees Pension Plan (PEPP).

Both CPP and PEPP are pension plans sponsored by the Government of Saskatchewan. CPP and PEPP have shared knowledge and experience in the past and have partnered on projects to provide cost effective services to all our members. The two pension plans are headquartered in the same building in Regina and have maintained excellent relationships.

PEPP is administered by the Public Employees Benefits Agency (PEBA) and is the largest defined contribution pension plan in Canada. PEPP currently serves 79 participating employers, over 54,000 Plan members and holds $6.8 billion in assets. PEPP has provided expanded investment choice options and enhanced services to its members for several years. PEPP offers an array of investment choice options, including PEPP Steps, which is a life cycle fund that automatically moves members to more conservative asset mixes over time. PEPP is excited about this opportunity to expand their Plan membership and is looking forward to providing CPP Plan members and Participating employers with the same exemplary service enjoyed by PEPP members.

In late 2014, CPP and PEPP began collaborating on a transition plan to move CPP Participating employers, Plan members and assets to PEPP. It is anticipated that the transition will occur on or about June 30, 2015. Once all assets and membership have moved to PEPP, CPP will cease operation as a separate entity.

Once the transition to PEPP is completed, the Capital Pension Plan's Retirement Annuity Fund (RAF) will be effectively closed to new annuitants. Plans for the administration of the RAF on behalf of current annuitants will be finalized in 2015.

Plan Overview

The Capital Pension Plan was established in 1976 as a defined contribution (money purchase) pension plan. The Plan's purpose is to provide a cost and tax effective method for employees to systematically save for retirement. Participating employers determine the eligibility criteria for their employees to become contributing members of the Plan pursuant to relevant legislative and regulatory requirements. Once enrolled, employees become members of the Capital Pension Plan. Participating employers and contributing members make required contributions based on a percentage of earnings subject to an annual maximum limit set by the Canada Revenue Agency.

Contributions made on behalf of a member are accepted into the Plan's Defined Contribution Fund and directed to an individual account in the member's name. These contributions are invested and accrue investment earnings over time.

The Capital Pension Plan offers two investment options within the Defined Contribution Fund. The Diversified Fund (the Plan's default investment fund) contains a bias towards equity holdings and is designed to provide long-term investment growth with moderate risk. Plan members who are within 5 years of their earliest possible retirement date may choose to decrease their investment risk exposure by participating in the Pre-Retirement Fund which is designed to preserve capital in the short-term.

At retirement, Plan members use the cumulative value in their Capital Pension Plan account to provide retirement income through various retirement income options as permitted in each jurisdiction (provincial or federal). The Capital Pension Plan operates two retirement options as permitted by the *Income Tax Act* (Canada).

Plan members within the Saskatchewan jurisdiction have the opportunity to receive flexible retirement income by establishing a Variable Benefit with the Capital Pension Plan. Variable Benefit members may invest their funds in the Diversified Fund and/or the Pre-Retirement Fund.

All members have the opportunity to receive guaranteed lifetime income by establishing a Life Annuity contract with the Capital Pension Plan's Retirement Annuity Fund (RAF). When a member purchases a life annuity an irrevocable contract is established based on the current annuity interest rate and group mortality tables. The contract provides for guaranteed lifetime income. The main investment objective of the Retirement Annuity Fund is to ensure assets are available to pay lifetime retirement annuities based on the terms of the established annuity contracts.

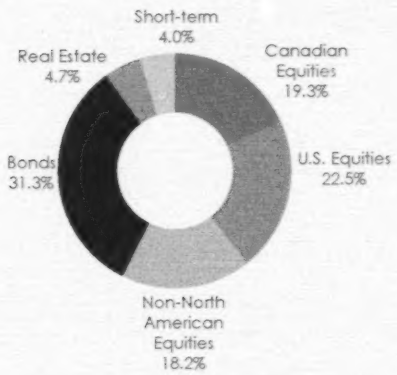
2014 Highlights - Defined Contribution Fund

(December 31st)

9.82%	Diversified Fund net annual return	1.29	billion total assets	0.37%	management expense ratio
0.86%	Pre-Retirement Fund net annual return				

Diversified Fund

Asset Mix



Asset Class Performance

(gross of fees and expenses)

	1-year	4-year
Canadian Equities	11.9%	6.3%
U.S. Equities	17.9%	17.2%
Non-North American Equities	4.3%	11.3%
Bonds	8.6%	5.1%
Real Estate	6.3%	11.0%

Compound Rates of Return (net of fees and expenses)				
1-year	2-year	3-year	5-year	10-year
9.82%	12.93%	11.93%	9.21%	6.75%

Pre-Retirement Fund

Asset Mix

Asset Class Performance

(gross of fees and expenses)

	1-year	4-year
Money Market	1.1%	1.1%

Compound Rates of Return (net of fees and expenses)				
1-year	2-year	3-year	5-year	10-year
0.86%	0.86%	0.87%	0.76%	1.74%

2014 Highlights - Defined Contribution Fund

(December 31st)

Investment Manager Performance - Greystone Managed Investments Inc.

	1-year			4-year		
	Return	Percentile[1]	Benchmark	Return	Percentile[1]	Benchmark
Canadian Equities	12.1%	40	10.6%	5.2%	81	5.1%
U.S. Equities	23.7%	40	23.9%	19.1%	57	20.1%
Non-North American Equities	1.4%	88	3.7%	7.1%	86	8.8%
Bonds	8.4%	74	8.8%	5.1%	75	5.1%
Real Estate	6.3%	n/a[2]	5.9%	11.0%	n/a[2]	11.6%
Money Market	1.1%	n/a[2]	0.9%	1.1%	n/a[2]	1.0%

Investment Manager Performance - Connor, Clark & Lunn Investment Management Ltd.

	1-year			4-year		
	Return	Percentile[1]	Benchmark	Return	Percentile[1]	Benchmark
Canadian Equities	11.5%	48	10.6%	7.5%	48	5.1%

Investment Manager Performance - State Street Global Advisors

	1-year			4-year		
	Return	Percentile[1]	Benchmark	Return	Percentile[1]	Benchmark
U.S. Equities - Large Cap	14.1%	99	14.3%	15.7%	96	15.9%
U.S. Equities - Mid-Cap	10.1%	100	10.7%	14.9%	98	15.1%
Bonds	8.8%	37	8.8%	5.1%	78	5.1%

Investment Manager Performance - Tweedy Browne Company, LLC

	1-year			4-year		
	Return	Percentile[1]	Benchmark	Return	Percentile[1]	Benchmark
Non-North American Equities	6.6%	30	3.7%	13.4%	7	8.8%

1 "Percentile" is the percentile ranking, which indicates where the return ranks within the universe of its peers on the Aon Hewitt Manager Universe. The ranking uses a scale of 1-100, with "1" being the top return within the universe of peers and "100" being the worst.

2 A percentile is not available for real estate or money-market investments.

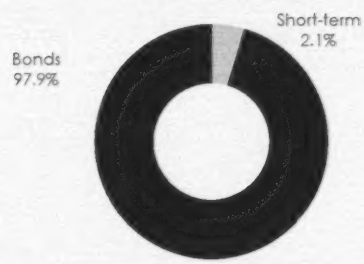
2014 Highlights - Retirement Annuity Fund

(December 31st)

Fully Funded	39.3 million total assets

Retirement Annuity Fund

Asset Mix



Asset Class Performance

(gross of fees and expenses)

	1-year	4-year
Bonds	10.9%	6.1%

2014 Highlights - Retirement Annuity Fund

(December 31st)

Actuarial Opinion provided by Aon Hewitt as at December 31, 2014

Aon Hewitt was retained by the Capital Pension & Benefits Administration to perform actuarial valuations of the assets and liabilities of the Retirement Annuity Fund (the "Fund") on a funding basis as at December 31, 2014. The valuation of the Fund's actuarial assets and liabilities were based on:

- Membership and asset data provided by Capital Pension & Benefits Administration as at December 31, 2014; and
- Assumptions about future events (economic and demographic) which were developed by Aon Hewitt.

While the actuarial assumptions used to estimate liabilities for the Fund are, in our opinion, reasonable, the Fund's future experience will differ from the actuarial assumptions. Emerging experience differing from the assumptions will result in gains or losses that will be revealed in future valuations, and will affect the financial position of the Fund.

We have tested the data for reasonableness and consistency with prior valuations and in our opinion the data is sufficient and reliable for the purposes of the valuation. We are also of the opinion that the methods employed in the valuation and assumptions used are, in aggregate, appropriate. Our opinions have been given, and our valuation has been given, and our valuation has been performed in accordance with accepted actuarial practice.

Donald L. Ireland
Fellow, Canadian Institute of Actuaries

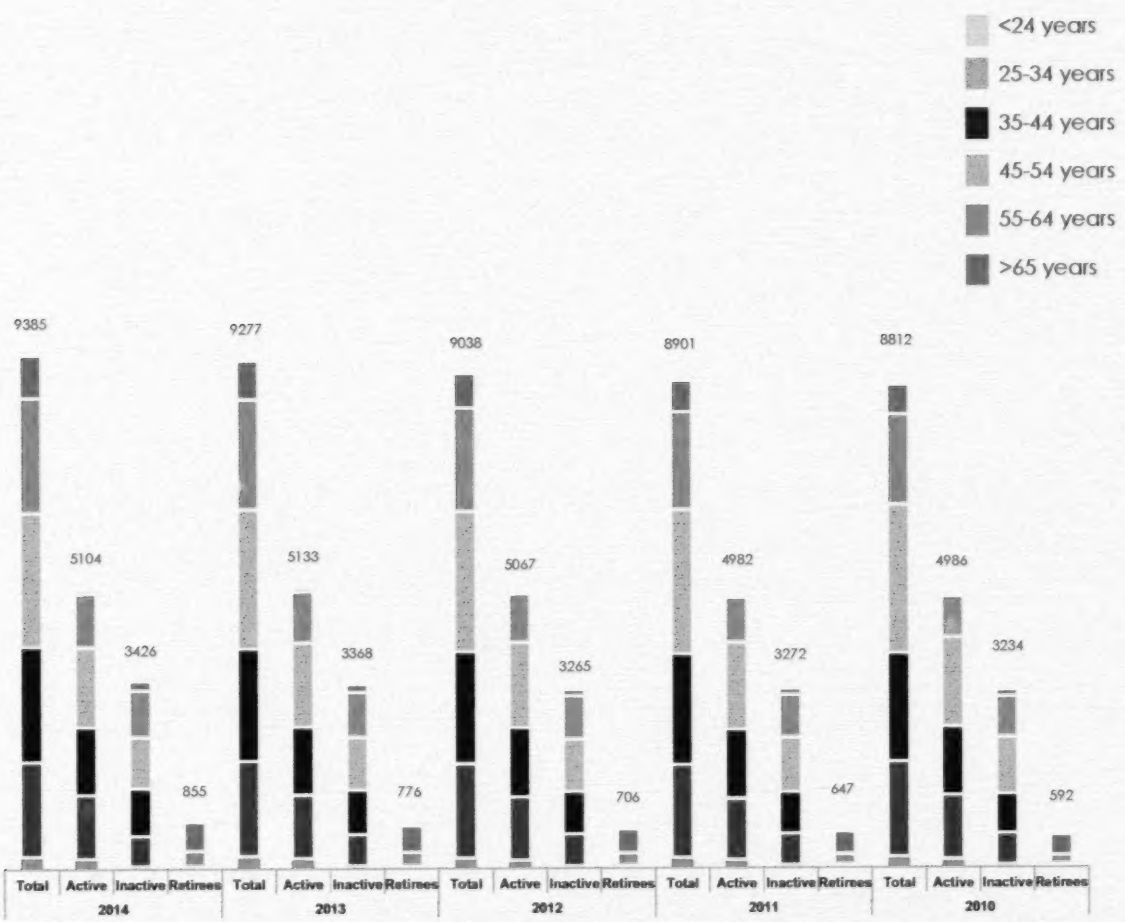
February 27, 2015

Plan Membership

(December 31st)

The Capital Pension Plan (CPP) experienced modest membership growth as participating employers acquired new employees and many vested departing employees chose to remain with the Plan as inactive members. Many retiring members also remained with the Plan by choosing a Variable Benefit or Life Annuity retirement income option.

Age demographics are an important consideration in the determination of the Plan's investment strategy. The transition to PEPP will provide CPP Plan members with the opportunity to actively or passively manage investment risk over time.



Plan Governance

Crown Investments Corporation of Saskatchewan (CIC) is the Plan Sponsor. The Plan Sponsor holds the Plan's Funds in trust for the benefit of its members. The Plan Sponsor is also responsible for overall management of the pension plan in accordance with applicable laws, the terms and conditions of the Plan and its governance structure and processes. CIC appoints the Pension Board to act on its behalf to facilitate the operation of the Plan. The Pension Board composition is between five (5) and ten (10) persons, nominated by the twelve (12) largest participating employers as determined by active Plan membership. All Pension Board members must be contributing (i.e. active) members of the Plan. Pension Board members must possess characteristics and traits of integrity, accountability, informed judgement, financial literacy, mature confidence and commitment. The Pension Board hires industry professionals such as a custodian, investment consultant and actuary to provide expertise. Investment of the Plan's assets is delegated to professional investment managers under the supervision of the Pension Board. Compensation for service on the Pension Board is restricted to reimbursement of actual costs and reasonable expenses for attending to Pension Board business.

Pension Board meetings are held at least once per fiscal quarter. Additional ad hoc Pension Board meetings are scheduled as required. The Pension Board establishes Committees to facilitate informed decision making and make recommendations regarding a course of action to the Pension Board. Committees have no authority to make binding decisions or incur expenses unless the Pension Board provides prior approval. Each Committee comprises three current Pension Board members. The Pension Board Chair serves as an ex-officio member of each Committee. Committee meetings are scheduled approximately ten (10) days prior to each quarterly Pension Board meeting. Additional ad hoc Committee meetings are scheduled as required.

Plan Governance

2014 Pension Board

Micheal J. McPherson, Chair
Saskatchewan Housing Authorities
FCHRP, CSP
Appointed: 1997

Cindy Ogilvie, Vice-Chair
Crown Investments Corporation of Saskatchewan
BAdmin, CPA, CA
Appointed: 2005

Edward Helm
Saskatchewan Government Insurance
CPA, CMA, CCP
Appointed: 2006

Gordon Dolney
Yara Belle Plaine Inc.
CPA, CMA
Appointed: 2007

David Olsen
ISM Canada
BSc, BEd, ISP, ITCP
Appointed: 2004

Jeff Stepan
Saskatchewan Government Insurance
BAdmin, CPA, CA, CFA
Appointed: 2011

John Amundson
Crown Investments Corporation of Saskatchewan
BComm, FCPA, FCA
Appointed: 2011

Tim MacLeod
Saskatchewan Government Insurance
BA, LL.B, QC
Appointed: 2007

Blaine Pilatzke
Saskatchewan Gaming Corporation
Appointed: 2010

Plan Governance

2014 Pension Board Meetings						
	Mar 13	May 7	Jun 12	Sep 11	Oct 16	Dec 11
Micheal McPherson	•	•	•	•	•	•
Cindy Ogilvie	•	•	•	•	•	•
David Olsen		•	•		•	•
Edward Helm	•	•	•	•	•	•
Tim MacLeod	•	•	•	•	•	•
Gordon Dolney	•	•		•	•	•
Blaine Pilatzke	•	•		•		•
Jeff Stepan	•	•		•	•	•
John Amundson	•	•	•	•	•	
Keith Appleton	•					

2014 Audit Committee Meetings				
	Mar 4	May 29	Sep 4	Nov 26
Cindy Ogilvie, Chair	•	•	•	•
Edward Helm	•	•		•
Gordon Dolney	•	•	•	•

2014 Governance Committee Meetings				
	Mar 3	Jun 10	Aug 26	Nov 25
Tim MacLeod, Chair	•	•	•	•
Keith Appleton	•			
Blaine Pilatzke	•	•	•	•

2014 Investment Committee Meetings				
	Feb 24	May 26	Aug 25	Nov 24
Jeff Stepan, Chair	•	•	•	•
David Olsen	•	•	•	•
John Amundson	•	•	•	•

• in attendance

resigned

Plan Administration

Plan administration is responsible for the day to day operation, administration and overall management of the Capital Pension Plan. The Plan Sponsor has appointed the Executive Director of its Capital Pension and Benefits Administration division (CPBA) as Plan Administrator. The Plan Administrator makes application for the registration of the Plan and any amendments thereto with the appropriate authorities and ensures administrative procedures and regulations are in compliance with applicable laws and the terms and conditions of the Plan.

The Plan Administrator carries out his duties with honesty and in good faith in the best interest of Plan members and any other person(s) to whom a fiduciary duty is owed. The Plan Administrator provides assistance to the Pension Board and makes recommendations concerning the Plan's annual budget. The Plan is administered in accordance with applicable laws and the terms and conditions established in the Plan Text.

Executive

Ken Klein
Executive Director
BA, FCIP, CEBS

Stanley Jones
Director, Pensions
CPA, CMA, PPAC, RPA

Administration

Christine Taylor
Director, Group Benefits
GBA, ICA, HIAA

Laura Thompson
Staff Accountant

Cheryl Viala
Manager, Communications, Research & Development
BA, CFP, PPAC

Sharon Strueby
Staff Accountant
CPM

Brad Hunt
Manager, Accounting and Administration
CPA, CMA, CIA

Arlene Stinson
Executive Secretary

Ernest Doricic
Pension & Benefits Coordinator

Risk Management

The Capital Pension Plan recognizes the importance of risk management to the Plan's governance responsibilities. The Capital Pension Plan's enterprise risk management program supports the Plan's strategic plan as well as its mission, vision and values. The enterprise risk management framework is implemented on an annual basis at a minimum, but more often as required.

For 2014 the top ten risks for the pension plan were identified and upon review and assessment of the mitigating controls for these top risks, it was determined that all current controls are operating efficiently and effectively. All residual risk rated "low" on the residual risk scale and it was determined that the appropriate residual risk response in all cases was to accept/monitor the residual risk.

2014 Performance and Resource Management

Contributions made on behalf of Plan members are deposited to the Defined Contribution Fund. These contributions are invested and accrue investment earnings over time. Within the Defined Contribution Fund, the Plan operates two investment funds - the Diversified Fund and the Pre-Retirement Fund.

Administrative expenses are deducted on a cost recovery basis from Fund earnings prior to the calculation of each weekly unit value. For communication and comparison purposes, a management expense ratio (MER) is calculated annually by dividing the total cost of administration by the year end market value.

Defined Contribution Fund Net Assets Available for Benefits

($C thousands)	2014	2013	2012	2011	2010
Increase in Assets					
Employer required contributions	20,326	19,832	18,683	17,541	16,619
Member required contributions	16,781	16,489	15,667	14,936	14,165
Member voluntary contributions	3,051	2,822	2,502	2,060	2,269
Transfers into the Fund	10,981	6,629	3,278	4,782	2,721
Investment income	30,803	29,437	25,464	25,313	26,015
Change in fair value of investment	83,058	137,105	66,199	(19,329)	65,068
	165,000	212,314	131,793	45,303	126,857
Decrease in Assets					
Investment management fees	3,473	3,188	2,724	2,623	2,487
General administration	1,349	1,332	1,315	1,360	1,346
Withdrawals/Transfers out	61,231	48,634	44,703	50,397	42,700
	66,053	53,154	48,742	54,380	46,533
Net change in assets	98,947	159,160	83,051	(9,077)	80,324
Net assets available (beginning of year)	1,195,492	1,036,332	953,281	962,358	882,034
Net Assets Available for Benefits*	1,294,439	1,195,492	1,036,332	953,281	962,358

*This amount represents the difference between the Defined Contribution Fund's assets and liabilities and is for the exclusive use of the Defined Contribution Fund members for providing retirement income.

Defined Contribution Fund Administrative Expenses

($C thousands)	2014	2013	2012	2011	2010
Investment management fees	3,473	3,188	2,724	2,623	2,487
General administration	1,349	1,332	1,315	1,360	1,346
Total	4,822	4,520	4,039	3,983	3,833
Management Expense Ratio	0.37%	0.38%	0.39%	0.42%	0.40%

2014 Performance and Resource Management

The Retirement Annuity Fund (RAF) provides lifetime retirement annuities to Plan members. When a member purchases a life annuity, an irrevocable contract is established based on the current annuity interest rate and group mortality tables.

The contract provides for guaranteed lifetime income. A management expense ratio (MER) is not calculated for the Retirement Annuity Fund. Once an annuity benefit is established, that benefit is not impacted by Fund expenses.

Retirement Annuity Fund Net Assets Available for Benefits

(SC thousands)	2014	2013	2012	2011	2010
Increase in Assets					
Transfers from Defined Contribution Fund	747	552	586	837	758
Investment income	1,548	1,509	1,572	1,586	1,545
Change in fair value of investment	2,307	(2,214)*	(51)*	2,373*	1,786*
	4,602	(153)	2,107	4,796	4,089
Decrease in Assets					
Investment management fees	34	40	44	42	41
General administration	163	206	136	113	102
Annuity payments	2,493	2,195	2,245	2,203	2,191
Increase (decrease) in provision for annuity obligation	1,572	1,778	489	1,579	1,148
Provision for payment to members of the Fund	8	43	77	78	39
	4,270	4,262	2,991	4,015	3,521
Change in net assets	332	(4,415)	(884)	781	568
Net assets available (beginning of year)	7,741	12,156	13,040	12,259	11,691
Net Assets Available for Benefits**	8,073	7,741	12,156	13,040	12,259

*Restated to conform with the financial presentation adopted in the current year.

**This amount represents the difference between the Retirement Annuity Fund's assets and liabilities and is available to meet the payment obligations of annuitants.

Retirement Annuity Fund Administrative Expenses

(SC thousands)	2014	2013	2012	2011	2010
Investment management fees	34	40	44	42	41
General administration	163	206	136	113	102
Total	197	246	180	155	143

2014 Performance and Resource Management

Mission	Vision	Values
We are a professionally managed, service oriented defined contribution pension plan committed to helping our members and retirees build and manage their retirement savings.	To be the preferred pension plan for members, employers and retirees.	The Capital Pension Plan is committed to integrity and professionalism in dealing with all stakeholders through prudent leadership, innovation and open, effective communication.

Perspectives

Financial
Recognizes that the financial performance of the Plan has a direct impact on members' ability to build and manage their retirement savings.

Customer
Challenges the Plan to focus on service to members, participating employers and retirees with a commitment to integrity and professionalism and to provide open and effective communication.

Retention
Challenges the Plan to retain participating employers, Plan members and their assets held in the Plan. This is accomplished by providing a service oriented team that is knowledgeable in the pension industry.

Internal Operations
Challenges the Plan to ensure its fiduciary responsibility is upheld and that compliance measures are in place to ensure the integrity of the pension plan. This perspective challenges the Plan administrator to provide strategic direction for the pension plan and ensure the Plan is transparent in its operations. Plan administration staff are encouraged to develop pension industry knowledge and are empowered to make decisions within established policy guidelines to promote a professional service oriented team approach when dealing with all stakeholders.

2014 Performance and Resource Management

2014 Achievements

Financial
Completed annual review of Statement of Investment Policies and Goals, including consideration of management structure and asset mix changes
Ensured managers understood their performance goals
Maintained solvency ratio of ≥ 1 as reported in the actuarial valuation report for Retirement Annuity Fund
Operated within annual budget
Customer
Met key performance indicators
Approved ad hoc increase for Retirement Annuity Fund annuitants
Completed the Plan Member Survey
Completed 90% payment of the Retirement Annuity Fund reserve liability as per the court direction
Developed strategy to transition Capital Pension Plan Participating employers, Plan members and assets to PEPP
Retention
Continued to promote benefits of Plan membership
Utilized the approved retention strategy
Internal Operations
Promoted staff training and professional development
Ensured staff had the tools and resources to be successful
Provided Pension Board with timely and accurate reports and information as required
Remained in compliance with all applicable policies and legislation that govern the pension plan
Monitored risks and mitigating controls through the enterprise risk management process

2014 Performance and Resource Management

2014 Balanced Scorecard

Financial

This perspective recognizes that the financial performance of the pension plan has a direct impact on member's ability to build and manage their retirement savings.

Strategic Objective	Performance Measure	Target	2014 Results	2013 Results
Acceptable risk	Investment managers in compliance with investment strategies as per SIP&G	No significant compliance issues reported	Met	Met
	Independent actuary verification - RAF immune to changes in interest rates and solvent over the long-term	Bond portfolio duration to actuarial liability duration < 1 year	Met	Met
		Solvency ratio > 1	Met	Met
Acceptable investment returns	Diversified Fund and Pre-Retirement Fund performance in relation to established benchmarks	Gross fund return is ≥ benchmark return over 4-year rolling periods	Met	Met
	Investment performance by individual investment manager and asset class in relation to established benchmarks	Gross investment manager and asset class returns ≥ benchmark return over 4-year rolling periods	Not Met[A]	Not Met[B]
	Diversified Fund real rate of return ≥ 3% above Consumer Price Index (CPI) over 10-year rolling periods	10-year CPI + 3%	Met	Met
Efficient use of Plan's resources	Operate within approved budget	Actual expenditures ≤ budget	Met	Met

Notes:

A For 2014, Greystone Managed Investments Inc.'s 4-year U.S. Equity performance was below benchmark by 1.0%, and their Non-North American Equity performance was below benchmark by 1.7%.

For 2014, State Street Global Advisor's 4-year U.S. Equity - Large Cap performance was below benchmark by 0.2%, which exceeds the current tracking error target range of +/- 0.10%.

B For 2013, Greystone Managed Investments Inc.'s 4-year Canadian Equity performance was below benchmark by 0.2%, Non-North American Equity performance was below benchmark by 0.9% and Real Estate performance was below benchmark by 0.6%.

For 2013, State Street Global Advisor's 4-year U.S. Equity - Large Cap performance was below benchmark by 0.2%, which exceeds the current tracking error target range of +/- 0.10%.

2014 Performance and Resource Management

2014 Balanced Scorecard

Customer

This perspective challenges the pension plan to focus on service to its members, participating employers and retirees, with a commitment to integrity, professionalism and open, effective communication.

Strategic Objective	Performance Measure	Target	2014 Results	2013 Results
Effective communication	Provide timely and accurate information to members	Meet key performance indicators 100% of the time	Met	Met
	Complete Plan Member Survey and Satisfaction Index	Overall score ≥ 75%	Met[A]	N/A[B]

2014 Balanced Scorecard

Retention

This perspective challenges the pension plan to retain participating employers, plan members and their assets held in the pension plan. This is accomplished by providing a service oriented team that is knowledgeable in the pension industry.

Strategic Objective	Performance Measure	Target	2014 Results	2013 Results
Member retention	Retention of Plan members in the Plan	New transfers of dollars into VB[C] ≥ 45% of the total dollar transfers to VB+LIRA+PRRIF[C]	Met	Met
		Inactives plus retirees number is maintained year over year	Met	Met
	Notify former Plan members of option to return to VB[C] at retirement	Complete notification	N/A[B]	N/A[B]

Notes:

A Satisfaction Index Score 86.2%

B Non-reporting year.

C VB refers to the Variable Benefit retirement income option; LIRA refers to a Locked-in Retirement Account; PRRIF refers to a Prescribed Registered Retirement Income Fund.

2014 Performance and Resource Management

2014 Balanced Scorecard

Internal Operations

This perspective challenges the pension plan to ensure our fiduciary responsibility is upheld and that compliance measures are in place to ensure the integrity of the pension plan. This perspective also challenges the Plan Administrator to provide strategic direction for the pension plan and ensure the pension plan is transparent in its operations.

Plan administration staff is encouraged to develop their pension industry knowledge and empowers staff to make decisions within established policy guidelines to promote a professional service oriented team approach when dealing with all stakeholders.

Strategic Objective	Performance Measure	Target	2014 Results	2013 Results
Adhere to reporting and disclosure best practices	Compliance with established policies and legislation	No Provincial Audit recommendation	**Met**	Met
	Meet financial reporting requirements	100% compliance	**Met**	Met
Promote employee and organization success	Budgeted funds available for staff training and professional development	Up to maximum 2.5% of budgeted payroll	**Met**	Met
	Efficient, reliable and secure IT infrastructure and system software	Available 99% of the time	**Met**	Met
Leadership	Provide expertise and guidance to the Pension Board	Plan Administration Performance Index score ≥ 80%	**Met**	Met

2015 Planning for Transition

2015 Priorities

Financial

Ensure each manager understands their performance goals, complete regular evaluations on investment manager performance

Maintain solvency ratio of ≥ as reported in the actuarial valuation report for the Retirement Annuity Fund

Operate within budget

Ensure transition of assets to PEPP is completed accurately and with as little disruption to members and earning rates as possible

Customer

Meet key performance indicators

Continue to distribute the RAF surplus to eligible members and determine how to proceed with those eligible members we are unable to locate

Determine, approve and communicate additional adhoc increase to RAF annuitants per approved plan

Develop and implement strategy to transition Capital Pension Plan to Public Employees Pension Plan

Retention

Continue to promote the benefits of Plan membership (Capital Pension Plan and PEPP)

Communicate PEPP expanded investment options and enhanced services

Ensure consistent messages to Plan members and Participating employers from Capital Pension Plan and PEPP

Internal Operations

Keep staff informed regarding transition to PEPP

Monitor workloads resulting from transition to PEPP

Ensure staff have the tools and resources to be successful

Provide Pension Board with timely and accurate reports and information as required

Remain in compliance with applicable policies and legislation

Monitor risks and mitigating controls through the Enterprise Risk Management process tool

2015 Planning for Transition

2015 Balanced Scorecard

Financial

Strategic Objective	Performance Measure	2015 Target	2014 Target
Acceptable risk	Investment managers in compliance with investment strategies as per SIP&G	No significant compliance issues reported	No significant compliance issues reported
	Independent actuary verification - RAF immune to changes in interest rates and solvent over the long-term	Bond portfolio duration to actuarial liability duration < 1 year	Bond portfolio duration to actuarial liability duration < 1 year
		Solvency ratio > 1	Solvency ratio > 1
Acceptable investment returns	Diversified Fund and Pre-Retirement Fund performance in relation to established benchmarks	Gross fund return is ≥ benchmark return over 4-year rolling periods	Gross fund return is ≥ benchmark return over 4-year rolling periods
	Investment performance by individual investment manager and asset class in relation to established benchmarks	Gross investment manager and asset class returns ≥ benchmark return over 4-year rolling periods	Gross investment manager and asset class returns ≥ benchmark return over 4-year rolling periods
	Diversified Fund real rate of return ≥ 3% above Consumer Price Index (CPI) over 10-year rolling periods	10-year CPI + 3%	10-year CPI + 3%
Efficient use of Plan's resources	Operate within approved budget	Actual expenditures ≤ budget	Actual expenditures ≤ budget

2015 Balanced Scorecard

Customer

Strategic Objective	Performance Measure	2015 Target	2014 Target
Effective communication	Provide timely and accurate information to members	Meet key performance indicators 100% of the time	Meet key performance indicators 100% of the time
	Provide members with information which can allow them to make a decision on an appropriate investment choice option for their circumstance	Provide timely information to allow members to make investment choice decision	N/A
	Uniform message concerning migration from Capital Pension Plan and the Public Employees Pension Plan	Set uniform message with project manager ensuring uniformity	N/A

2015 Planning for Transition

2015 Balanced Scorecard

Retention Strategic Objective	Performance Measure	2015 Target	2014 Target
Member retention	Retention of Plan members in the Plan	New transfers of dollars into VB ≥ 45% of the total dollar transfers to VB+LIRA+PRRIF	New transfers of dollars into VB ≥ 45% of the total dollar transfers to VB+LIRA+PRRIF
		Inactives plus retirees number is maintained year over year	Inactives plus retirees number is maintained year over year
	Implementation of investment choice program for members	Successful migration of member accounts and assets to PEPP	N/A
		Member's moved to proper investment choice as selected by the member	N/A
Employer retention	Retention of Participating employers	Maintain 100% of current participating employers	N/A

2015 Planning for Transition

2015 Balanced Scorecard

Internal Operations			
Strategic Objective	Performance Measure	2015 Target	2014 Target
Adhere to reporting and disclosure best practices	Compliance with established policies and legislation	No Provincial Audit recommendation	No Provincial Audit recommendation
	Meet financial reporting requirements	100% compliance	100% compliance
Promote employee and organization success	Budgeted funds available for staff training and professional development	Up to maximum 2.5% of budgeted payroll	Up to maximum 2.5% of budgeted payroll
	Efficient, reliable and secure IT infrastructure and system software	Available 99% of the time	Available 99% of the time
	Manageable employee workload	Monitor additional member enquiries resulting from migration and add staff accordingly	N/A
		Monitor additional transfer out requests from members and add staff as required	N/A
	Ensure staff are kept informed of transition of positions for staff movements within CIC and PEPP	Frequent updates with staff as developments occur	N/A
		Contingency plans for staff leaving for other employment opportunities	N/A
Leadership	Provide expertise and guidance to the Pension Board	Plan Administration Performance Index score ≥ 80%	Plan Administration Performance Index score ≥ 80%

Service Providers

Investment Managers

Connor, Clark & Lunn Investment Management Ltd. (CC&L)
Vancouver, British Columbia

CC&L is a quantitative value style manager, responsible for a portion of the Diversified Fund's Canadian equity investment mandate.

Greystone Managed Investments Inc. (Greystone)
Regina, Saskatchewan

Greystone is a growth at reasonable price (i.e. GARP) manager. Greystone is responsible for a portion of the Diversified Fund. Within the Fund, Greystone manages a diversified portfolio of Canadian and foreign equities, Canadian bonds, real estate and short-term investments.

Greystone manages the entire portfolio for the Pre-Retirement Fund and the Retirement Annuity Fund.

State Street Global Advisors (SSgA)
Toronto, Ontario

SSgA is an index (i.e. passive) manager, responsible for a portion of the Diversified Fund's U.S. equity and Canadian bond investment mandates.

Tweedy Browne Company, LLC (Tweedy)
Stamford, Connecticut

Tweedy is a value style manager, responsible for a portion of the Diversified Fund's Non-North American equity investment mandate.

Fund Management

Aon Hewitt
Regina, Saskatchewan

Aon Hewitt (Regina office) is the Plan's investment consultant.

RBC Investor Services Trust
Calgary, Alberta

RBC Investor Services Trust is the Plan's custodian.

Compliance

Deloitte LLP
Regina, Saskatchewan

Deloitte LLP is the Plan's independent external auditor.

Aon Hewitt
Saskatoon, Saskatchewan

Aon Hewitt (Saskatoon office) is the actuary for the Retirement Annuity Fund.

Comparative Benchmarks

Asset Class Manager(s)	Benchmark
Canadian Equities Greystone CC&L	**S&P/TSX Index** The S&P/TSX Index comprises approximately 71% of the market capitalization for Canadian-based Toronto Stock Exchange listed companies. It is calculated on a float market capitalization and is the broadest Canadian equity index available. The index also serves as the premier benchmark for Canadian pension funds and mutual funds.
U.S. Equities Greystone SSgA	**S&P 500 Index** The Standard and Poor's 500 Composite Index consists of the largest 500 companies in the United States chosen for market size, liquidity and industry group representation. It is a market-value weighted index, with each stock's weight in the index proportionate to its market value. For the purposes of the Plan, the S&P 500 Index returns are converted from U.S. dollars into Canadian dollars and therefore reflect currency gains and losses.
	S&P 500 Index (hedged) The Standard and Poor's Index (hedged) is a synthetic hedging model constructed by Barclays Global Investors. It uses the same methodology as international index providers such as MSCI. Through the use of forward contracts the return on the index is hedged to Canadian dollars to mitigate currency risk.
	S&P 400 Index (hedged) The Standard and Poors' 400 Composite Stock Index consists of 400 medium-sized companies chosen for market size, liquidity and industry group representation. It is a market value weighted index and was the first benchmark for mid cap stock price movement. The index is hedged back into Canadian dollars to mitigate currency risk.
Non-North American Equities Greystone Tweedy	**MSCI EAFE Index** The Morgan Stanley Capital International Europe, Australasia and Far East Index is a widely recognized benchmark for non-U.S. stock markets. It is composed of a sample of companies representative of the market structure of 22 European and Pacific Basin countries and includes reinvestment of all dividends.
Bonds Greystone SSgA	**FTSE TMX Universe Bond Index** The FTSE TMX Universe Bond Index covers all marketable Canadian bonds with a term to maturity of more than one year. The Universe contains approximately 1,000 marketable Canadian bonds with an average term of 10.1 years and an average duration of 7.1 years. The purpose of the Index is to reflect the performance of the broad "Canadian Bond Market" in a similar manner to the S&P/TSX Index.
Real Estate Greystone	**REALpac/IPD Canada Property Index** The REALpac/IPD Canadian Property Index is published by the Investment Property Databank Ltd. under contract with the Canadian Institute of Real Estate Investment Managers. The IPD Index measures total returns on a diversified pool of properties. IPD compiles property level information from pension funds, life insurance companies and real estate managers on a quarterly basis. The index contains over 2,100 properties and is estimated to represent approximately 50% of institutional holdings and publicly listed vehicles.
Short-term/cash Greystone	**FTSE TMX 91-day T-bills** Canada Treasury Bills represent the highest quality short-term investments available. The index is constructed by selling and repurchasing Government of Canada T-bills with an average term to maturity of 91 days. The 91-day Treasury Bill Index is calculated and marked to market daily.
Total Fund All Managers	**Consumer Price Index (CPI)** Consumer Price Index is used to gauge Canada's inflation rate. The series used is the all items, not seasonally adjusted, 2002 base, widely known as headline inflation.

Financial Statements

Responsibility for Financial Statements

The accompanying financial statements have been prepared by management of the Capital Pension and Benefits Administration. They have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied, using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the consolidated financial statements and other information contained in this Annual Report.

The Capital Pension Plan Board is responsible for overseeing the business affairs of the Plan and also has the responsibility for approving financial statements. The Pension Board is responsible for reviewing the annual financial statements and meeting with management, the Plan's independent external auditors Deloitte LLP and the Provincial Auditor for Saskatchewan on matters relating to the financial process.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the financial statements. Management's attestation on the adequacy of financial controls appears on the following page. The Provincial Auditor of Saskatchewan has reported to the Legislative Assembly that financial controls are adequately functioning.

Deloitte LLP has audited the financial statements. Their report to the Members of the Legislative Assembly stating the scope of their examination and opinion on the financial statements appears on page 31.

Ken Klein
Executive Director
Capital Pension and Benefits Administration

Stanley Jones
Director, Pensions
Capital Pension and Benefits Administration

March 12, 2015

Financial Statements

Annual Statement of Financial Responsibility

I, Ken Klein, Executive Director of the Capital Pension and Benefits Administration, and I, Stanley Jones, Director, Pensions, of the Capital Pension and Benefits Administration, certify the following:

That we have reviewed the consolidated financial statements included in this 2014 Annual Report of the Capital Pension Plan. Based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report, fairly present, in all material respects the financial condition, results of operations, and cash flows as of December 31, 2014.

That based on our knowledge, having exercised reasonable diligence, the financial statements included in the Annual Report of the Capital Pension Plan do not contain any untrue statements of material fact, or omit to state a material fact that is either required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

That the Capital Pension and Benefits Administration is responsible for establishing and maintaining effective internal control over financial reporting, which includes safeguarding of assets and compliance with applicable legislative authorities and Capital Pension and Benefits Administration has designed internal controls over financial reporting that are appropriate to the circumstances of the Capital Pension Plan.

That Capital Pension and Benefits Administration conducted its assessment of the effectiveness of the Plan's internal controls over financial reporting and, based on the results of the assessment, Capital Pension and Benefits Administration can provide reasonable assurance that internal controls over financial reporting as of December 31, 2014 were operating effectively and no material weaknesses were found in the design or operation of the internal controls over financial reporting.

Ken Klein
Executive Director
Capital Pension and Benefits Administration

Stanley Jones
Director, Pensions
Capital Pension and Benefits Administration

March 12, 2015

Financial Statements

Independent Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

We have audited the accompanying financial statements of the Capital Pension Plan, which comprise the statement of financial position as at December 31, 2014 and the statement of changes in net assets available for benefits and the statement of changes in provision for annuity obligation retirement annuity fund for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of the Capital Pension Plan as at December 31, 2014 and the changes in net assets available for benefits and changes in its provision for annuity obligation retirement annuity fund for the year then ended in accordance with Canadian accounting standards for pension plans.

Emphasis of Matter
Without modifying our opinion, we draw attention to Note 14 to the financial statements, which describes that the Capital Pension Plan has begun the process of transferring the net assets of the Defined Contribution Fund of the Capital Pension Plan to the Public Employees' Pension Plan.

Deloitte LLP

Chartered Professional Accountants

March 12, 2015
Regina, Saskatchewan

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CAPITAL PENSION PLAN

STATEMENT OF FINANCIAL POSITION

As at December 31

	2014			2013		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Assets						
Investments (Note 4)	$ 1,212,048	$ 31,534	$ 1,243,582	$ 1,084,398	$ 32,199	$ 1,116,597
Investments under securities lending program (Note 4)	77,359	7,514	84,873	105,840	5,409	111,249
Cash	909	28	937	1,158	16	1,174
Contributions receivable	633	-	633	261	-	261
Interest and dividends receivable	5,437	280	5,717	5,696	234	5,930
Capital assets (Note 8)	8	-	8	12	-	12
Total assets	1,296,394	39,356	1,335,750	1,197,365	37,858	1,235,223
Liabilities						
Accounts payable (Note 11)	1,554	531	2,085	1,583	937	2,520
Prepaid participants' contributions	401	-	401	290	-	290
Provision for annuity obligation (Note 10)	-	30,752	30,752	-	29,180	29,180
Total liabilities	1,955	31,283	33,238	1,873	30,117	31,990
Net assets available for benefits	$ 1,294,439	$ 8,073	$ 1,302,512	$ 1,195,492	$ 7,741	$ 1,203,233

(see accompanying notes)

On behalf of the Capital Pension Plan Board of Directors:

Director

Director

CAPITAL PENSION PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

As at December 31

	2014			2013		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Increase in Assets						
Investment income (Note 5)	$ 30,803	$ 1,548	$ 32,351	$ 29,437	$ 1,509	$ 30,946
Change in fair value of investments	83,058	2,307	85,365	137,105	(2,214)	134,891
Contributions and transfers in (Note 6)	50,392	747	51,139	45,220	552	45,772
	164,253	4,602	168,855	211,762	(153)	211,609
Decrease in Assets						
Withdrawals and transfers out (Note 7)	60,484	2,501	62,985	48,082	2,238	50,320
Increase in provision for annuity obligation (Note 10)	-	1,572	1,572	-	1,778	1,778
Operating expenses (Note 13)	4,822	197	5,019	4,520	246	4,766
	65,306	4,270	69,576	52,602	4,262	56,864
Increase (decrease) in net assets available for benefits	98,947	332	99,279	159,160	(4,415)	154,745
Net assets available for benefits, beginning of year	1,195,492	7,741	1,203,233	1,036,332	12,156	1,048,488
Net assets available for benefits, end of year	$ 1,294,439	$ 8,073	$ 1,302,512	$ 1,195,492	$ 7,741	$ 1,203,233

(see accompanying notes)

CAPITAL PENSION PLAN

STATEMENT OF CHANGES IN PROVISION FOR ANNUITY OBLIGATION RETIREMENT ANNUITY FUND

As at December 31

	2014	2013
	(thousands of dollars)	
Provision for annuity obligation, beginning of year	$ 29,180	$ 27,402
Increase in provision for annuity obligation		
Interest on provision	1,255	987
Liability due to new annuitants during year	681	538
Change in expense assumption	52	-
Mortality experience	-	161
Change in discount rate and mortality assumptions	1,795	-
Ad Hoc Indexing	1,175	2,754
	4,958	4,440
Decrease in provision for annuity obligation		
Annuity payments with interest	2,576	2,276
Change in expense assumption	-	60
Mortality experience	810	-
Change in discount rate and mortality assumptions	-	326
	3,386	2,662
Net increase in provision for annuity obligation	1,572	1,778
Provision for annuity obligation, end of year (Note 10)	$ 30,752	$ 29,180

(see accompanying notes)

CAPITAL PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2014

1. Description of Plan

The following description of Capital Pension Plan (the Plan) is a summary only. For more complete information, reference should be made to the Plan Text.

a) The Plan was established pursuant to **The Crown Corporations Act, 1978** and is continued under **The Crown Corporations Act, 1993**. It is a Registered Pension Plan legislated under **The Pension Benefits Act, 1992** and is not subject to income taxes under the **Income Tax Act.** The Plan is available to corporations both in the public and private sector (participants) upon approval of the Plan's Board of Directors.

b) The Plan is comprised of a Defined Contribution Fund (DCF) and a Retirement Annuity Fund (RAF). The DCF and RAF assets are invested separately and managed by professional investment managers whose investment objectives and performance is measured against objectives established by the Capital Pension Plan Board of Directors as outlined in the Statement of Investment Policies and Goals.

i) Defined Contribution Fund (DCF)

The DCF receives and holds, in trust, member and participant contributions as well as the related investment income derived from these contributions. There are two investment options available to DCF members, the Diversified Fund (DF) and the Pre-Retirement Fund (PRF). The total amount available to a member upon termination or retirement is equal to the particular member's account balance at that date, subject to certain vesting and other specific rules governing the Plan.

A Variable Benefit (VB) pension option is available to eligible current and former DCF members as a retirement income alternative. This option allows for payments to be paid to members through either lump-sum withdrawals or periodic payments subject to minimum withdrawals set by the **Income Tax Act**. VB members' equity remains invested in the DCF.

ii) Retirement Annuity Fund (RAF)

The RAF was established to provide Plan members with the option of purchasing a life annuity upon retirement. If the member elects to purchase a life annuity from the RAF, the individual's account balance is transferred from the DCF to the RAF and a pension annuity contract is established based on current interest rates and group annuity mortality tables.

c) Crown Investments Corporation of Saskatchewan (the Corporation) is the sponsor for the Plan, and as such, is ultimately responsible for any shortfalls that may occur in RAF. The DCF has no responsibility to fund any shortfalls that may arise in the RAF.

2. Basis of Preparation

Statement of compliance

The financial statements for the year ended December 31, 2014 have been prepared in accordance with the Chartered Professional Accountants (CPA) Canada Handbook Section 4600, *Pension Plans*. For matters not addressed in Section 4600, International Financial Reporting Standards (IFRSs) guidance has been implemented. The financial statements were authorized and issued by the Capital Pension Plan Board of Directors on March 12, 2015.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments which have been measured at fair value.

Functional and presentation currency

These financial statements are presented in Canadian Dollars, which is the Plan's functional currency, and are rounded to the nearest thousand unless otherwise noted.

3. Significant Accounting Policies

These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. They are prepared to assist Plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the Plan or the benefit security of individual Plan members.

The financial statements are prepared in accordance with Canadian accounting standards for pension plans. The following policies are considered to be significant:

a) Net assets available for benefits

i) Defined Contribution Fund

This amount represents the difference between the DCF's assets and liabilities and is for the exclusive use of the DCF members for providing retirement income.

ii) Retirement Annuity Fund

This amount represents the difference between the RAF's assets and liabilities and is available to meet the payment obligations of current and future annuitants.

b) Valuation of assets and liabilities

Plan assets and liabilities are valued and recorded as follows:

i) Investments

All investments are carried at fair value (Note 4). The fair value of bonds and debentures is based on model pricing techniques that effectively discount prospective cash flows to present value, taking into account duration, credit quality and liquidity. The fair value of equities is based on quoted market values, based on latest bid prices. The fair value of pooled funds is based on the quoted market value of the underlying investments.

Short-term investments are recorded at cost which approximates fair value due to the short term to maturity. Segregated real estate investments are recorded at fair value using an independent appraisal system that considers such factors as replacement cost and earnings results.

ii) Cash, receivables and payables

Cash, contributions receivable, interest and dividends receivable, accounts payable and prepaid participants contributions are recorded at cost which approximates fair value due to their immediate or short term maturity.

iii) Provision for annuity benefits

The provision for annuity benefits is carried at the actuarial present value of the future expected annuity benefit obligation to pensioners.

3. **Significant Accounting Policies (continued)**

iv) Capital assets

Capital assets are recorded at cost less accumulated amortization (note 8). Amortization is recorded on a straight line basis over their estimated useful lives as follows:

Computer equipment & software	3-5 years
Office furniture	5 years

c) Investment income and transaction costs

Investment income, which is recorded on an accrual basis, includes interest income, dividends, real estate operating income, and net gains or losses from sales of securities and real estate.

Investment transactions are recorded on their respective trade date. Investment transaction costs are recognized in the Statement of Changes in Net Assets Available for Benefits in the period incurred.

d) Foreign currency translation

Monetary items denominated in foreign currency are translated to Canadian dollars at exchange rates in effect at the year end date. Revenues and expenses are translated at rates in effect at the time of the transactions. Foreign exchange gains and losses are included in income.

e) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for pension plans requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the recorded amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of investments and provision for annuity benefits. Actual results could differ from these estimates.

f) New standards and interpretations not yet adopted

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these financial statements. IFRS 9, Financial Instruments will be mandatory for the Plan's financial statements effective January 1, 2018. This is not expected to have a significant effect on the financial statements of the Plan.

4. Investments

a) Defined Contribution Fund investments consist of the following:

	2014	2013
	(thousands of dollars)	
Bonds and debentures	$ 203,470	$ 171,035
Short-term investments	44,112	24,530
Equities	316,754	284,893
	564,336	480,458
Pooled funds		
Greystone Money Market Fund	43,610	44,163
Greystone International Equity Fund	119,183	-
Greystone EAFE Growth Fund	-	120,076
Greystone Canadian Real Estate Fund	58,498	55,035
SSgA Canadian Universe Bond Index Fund	166,733	153,202
SSgA S&P Midcap Index Securities Lending Common Trust Fund	51,251	46,650
SSgA S&P 500 Index Fund Hedged	100,204	87,789
CC&L Canadian Q Value Fund	108,233	97,025
	647,712	603,940
	$ 1,212,048	$ 1,084,398
Bonds and debentures under securities lending program	$ 19,327	$ 38,723
Short-term investments under securities lending program	5,943	8,307
Equities under securities lending program	52,089	58,810
	$ 77,359	$ 105,840

b) Retirement Annuity Fund investments consist of the following:

	2014	2013
	(thousands of dollars)	
Bonds and debentures	$ 30,736	$ 30,271
Short-term investments	214	962
	30,950	31,233
Pooled funds		
Greystone Money Market Fund	584	966
	584	966
	$ 31,534	$ 32,199
Bonds and debentures under securities lending program	$ 7,514	$ 5,409

c) Bonds and debentures

For the DCF, fixed income bonds have effective rates ranging between 1.10% and 4.52% and coupon rates between 0.00% and 8.29% (2013 - effective rates of 1.12% to 4.82%, coupon rates of 0.00% to 8.29%). For the RAF, fixed income bonds and debentures have effective rates of 0.99% to 3.52% and coupon rates of 0.00% to 10.12% (2013 - effective rates of 1.00% to 4.58%, coupon rates of 0.00% to 10.25%).

4. **Investments (continued)**

The carrying value amount is shown by contractual maturity. Actual maturity may differ from contractual maturity because certain borrowers have the right to call or prepay certain obligations with or without penalties.

Bonds and debentures term to maturity – carrying value:

	2014			2013		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Government of Canada						
Due < 1 year	$ -	$ -	$ -	$ 8,176	$ 666	$ 8,842
1-5 years	39,003	1,450	40,453	24,198	1,312	25,510
After 5 years	13,604	7,082	20,686	24,698	6,741	31,439
Province of Saskatchewan						
1-5 years	-	295	295	-	289	289
After 5 years	3,101	1,947	5,048	4,554	1,809	6,363
Other provincial						
Due < 1 year	-	1,479	1,479	-	957	957
1-5 years	839	5,601	6,440	-	5,760	5,760
After 5 years	64,923	20,396	85,319	56,824	18,146	74,970
Municipal						
1-5 years	-	-	-	6,007	-	6,007
Foreign						
1-5 years	1,381	-	1,381	1,403	-	1,403
Corporate and convertible						
Due < 1year	12,075	-	12,075	2,288	-	2,288
1-5 years	51,864	-	51,864	49,888	-	49,888
After 5 years	36,007	-	36,007	31,722	-	31,722
	$ 222,797	$ 38,250	$ 261,047	$ 209,758	$ 35,680	$ 245,438

d) Pooled funds

Pooled fund investments are governed by the specific policies instituted by the investment manager for each fund. The Pension Board has reviewed the guidelines for these investments and determined that they are acceptable.

The Plan's units in pooled funds have no fixed interest rate and the returns are based on the success of the fund manager.

i) Greystone Money Market Fund

The Greystone Money Market Fund holds investments in treasury bills, notes and commercial paper.

ii) SSgA Canadian Universe Bond Index Fund

The SSgA Canadian Universe Bond Index Fund holds investments in Canadian issued fixed income securities such as bonds, debentures, notes or other debt investments included in the calculation of the DEX Universe Bond Index.

4. **Investments (continued)**

iii) Greystone Canadian Real Estate Fund

The Greystone Canadian Real Estate Fund holds equity interests in, and mortgages of, Canadian real estate. Fund assets may also be invested in securities or bonds issued by tax exempt real estate corporations, pension corporations and other borrowers permitted under insurance or pension legislation where the asset underlying the security or bond is a mortgage or real estate equity.

iv) SSgA S&P Midcap Index Securities Lending Common Trust Fund

The SSgA S&P Midcap Index Securities Lending Common Trust Fund holds investments in U.S. common stocks which are contained in the Standard & Poor's Midcap Index. In order to protect itself against foreign currency risk, the Plan enters into monthly currency forward contract agreements where Canadian Dollars are purchased against U.S. dollars. At December 31, 2014, the fair value of these contracts is negative $0.77 million (2013 – negative $0.14 million) and included in the fund balance. At December 31, 2014, these contracts had notional amounts totaling $52.02 million all expiring in 2015 (2013-$46.79 million all expiring in 2014).

v) SSgA S&P 500 Index Fund Hedged

The SSgA S&P 500 Index Fund Hedged holds investments in U.S. common stock which are contained in the Standard & Poor's 500 Index. In order to protect the Fund against foreign currency risk, the Fund enters into monthly currency forward contract agreements where Canadian Dollars are purchased against U.S. dollars.

vi) Greystone International Equity Fund (Previously Greystone EAFE Growth Fund)

The Greystone International Equity Fund holds investments in international securities defined as issues traded on exchanges and over-the-counter markets in the countries that comprise the MSCI EAFE Index and the MSCI Emerging Market Index.

vii) CC&L Canadian Q Value Fund

The CC&L Canadian Q Value Fund primarily holds investments in equities and income trusts traded on recognized Canadian exchanges, rights, warrants, cash and cash equivalents, and derivatives (non-leveraging). The Fund's investment in a single stock may not exceed 15% of the equity portfolio and will not hold less than 50 securities at any time.

e) Short-term investments

These investments are comprised of treasury bills, notes and commercial paper with effective interest rates of 0.79% to 1.37% (2013 – 0.91% to 1.39%). Interest is receivable at maturity.

f) Equities

The DCFs' investment policy allows investments in equities and income trusts traded on recognized exchanges, convertible debentures, rights, warrants, installment receipts, exchange traded index participation units and limited partnerships and private placement equity. No one holding can represent more than 10% of the fair value of the portfolio and no one holding can represent more than 10% of the common stock in any corporation.

4. **Investments (continued)**

g) Determination of fair value

The Plan has classified its fair valued financial instrument holdings using a hierarchy that reflects the significance of the inputs used in determining their measurements.

Under this structure, financial instruments recorded at unadjusted quoted prices in active markets for identical assets and liabilities are classified as Level 1. Instruments valued using inputs other than quoted prices that are observable for the asset or liability either directly or indirectly are classified as Level 2. Instruments valued using inputs that are not based on observable market data are classified as Level 3.

The following tables classify the Plan's required financial instruments for both the DCF and RAF within a fair value hierarchy:

	2014			
	Level 1	Level 2	Level 3	Total
	(thousands of dollars)			
Short term investments	$ -	$ 50,269	$ -	$ 50,269
Bonds and debentures	-	261,047	-	261,047
Pooled fixed income and money market funds	-	210,927	-	210,927
Pooled equity funds	-	378,871	-	378,871
Pooled real estate funds	-	58,498	-	58,498
Equities	368,843	-	-	368,843
	$ 368,843	$ 959,612	$ -	$ 1,328,455

	2013			
	Level 1	Level 2	Level 3	Total
	(thousands of dollars)			
Short term investments	$ -	$ 33,799	$ -	$ 33,799
Bonds and debentures	-	245,438	-	245,438
Pooled fixed income and money market funds	-	198,331	-	198,331
Pooled equity funds	-	351,540	-	351,540
Pooled real estate funds	-	55,035	-	55,035
Equities	343,703	-	-	343,703
	$ 343,703	$ 884,143	$ -	$ 1,227,846

During the year no investments were transferred between levels.

h) Financial risk management

The investment objectives of the Plan are to maximize retirement wealth; ensure sufficient assets exist to meet future pension obligations; and to generate sufficient cash flow to meet pension payments. Due to the long-term horizon of the Plan's obligations, the Plan takes a long-term investment perspective. In order to achieve these goals, the Plan invests in a variety of investments with varying levels and types of risk.

The associated risks include credit risk, market risk (consisting of interest rate risk, foreign exchange risk and equity price risk) and liquidity risk. Changes in these risks can affect the value of investments. These risks are managed by employing an investment policy, which is approved annually by the Pension Board. This policy provides portfolio asset mix guidelines to the Plan's investment managers regarding quality and quantity of fixed income investments, real estate and equity investments. The asset mix helps to reduce the impact of market value fluctuations by requiring investments in different asset classes and in different domestic and foreign markets.

The DCF primarily utilizes an active management investment strategy which has a greater proportion of its investments in equities as opposed to fixed income assets. The RAF, alternatively, has a low risk tolerance and invests in high quality fixed income investments.

4. **Investments (continued)**

i) Credit risk

Credit risk arises from the potential for issuers of securities to default on their contractual obligations to the Plan. Credit risk within investments is primarily related to short-term investments, bonds and debentures, and the fixed income pooled funds. The Plan is also exposed to counterparty credit risk on forward currency contracts described in note 4(d)(iv). The Plan limits credit risk by setting investment restrictions and quality standards within its Statement of Investment Policies and Goals.

The minimum quality standard for government bonds and debentures is "BBB" or equivalent, at the time of purchase. Corporate bonds for RAF must meet a minimum quality standard of "A", at the time of purchase. The Plan's investment policy limits each investment manager's bond portfolio concentration in any one single issuer (and its related companies) to 10% (except for federal and provincial) of their total portfolio. No more than 20% of the market value of a Manager's bond portfolio shall be invested in bonds of foreign issuers. "BBB" holdings cannot exceed 15% of the market value of the bond portfolio.

The following table lists the segregated bond and debenture holdings for both the DCF and RAF by credit rating and identifies their corresponding portfolio weighting.

Credit Rating	2014	%	2013	%
	(thousands of dollars)			
AAA	$ 68,187	26.12	$ 80,739	34.36
AA	104,107	39.88	95,056	36.09
A	65,944	25.26	50,501	20.43
BBB	22,809	8.74	19,142	9.12
	$ 261,047	100.00	$ 245,438	100.00

The minimum quality standard for individual short-term investments is "R-1" or equivalent rating as rated by a recognized bond rating agency, at the time of purchase.

The value of the fixed income pooled funds is impacted by the credit risk of the underlying investments which is governed by the pooled fund's guidelines.

At December 31, 2014, the Plan's maximum credit risk exposure relates to bonds and debentures, short term investments, and money market pooled funds totaling $525.68 million (2013 - $477.57 million).

ii) Market risk

Market risk represents the potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of investments.

a) Interest rate risk

Interest rate risk refers to the adverse consequences of interest rate changes on the Plan's net assets available for benefits and changes in net assets available for benefits. The Plan manages interest rate risk by investing in a well diversified portfolio of interest-sensitive asset classes and investments subject to other risks. The DCF predominantly uses active management which provides the opportunity to mitigate or take advantage of changes in interest rates. The RAF is managed by investing in fixed income investments that provide cash flows that match payments to annuitants.

At December 31, 2014, the Plan holds 39% (2013 – 39%) in fixed income investments which includes short term investments, bonds and debentures and pooled funds.

Duration is a measure used to estimate the extent market values of fixed income investments change with changes in interest rates. Using this measure, it is estimated that a 100 basis point increase (decrease) in interest rates would decrease (increase) net assets available for benefits by approximately $30 million at December 31, 2014; representing 5.09% (December 31, 2013 – 5.24%) of the fair value of fixed income investments.

4. Investments (continued)

b) Foreign exchange risk

The Plan is exposed to currency risk through the holding of foreign equities, foreign equity pooled funds and foreign bonds and debentures where investment values may fluctuate due to changes in foreign exchange rates. This risk is managed by limiting the amount of investments denoted in foreign currencies and by investing in securities that are strategically distributed over several geographic areas. As well, a portion of the foreign equities investments are hedged against foreign currency fluctuations.

At December 31, 2014, the Plan's foreign currency exposure was $140.00 million (2013 - $133.37 million) in U.S. equities and bonds and debentures and $216.25 million (2013 - $212.71 million) in equities originating from Europe, Australia, and the Far East (EAFE). If the Canadian dollar appreciated (depreciated) 10% versus the U.S. dollar exchange rate, it would result in approximately a $14 million decrease (increase) in net assets available for benefits. A 10% weakening (strengthening) in the Canadian dollar versus the EAFE currencies would result in approximately a $22 million increase (decrease) in net assets available for benefits.

c) Equity price risk

Equities comprise approximately 56% (2013 – 57%) of the Plan's total investments. The individual stock holdings are diversified by geography, industry type and corporate entity. The diversification strategy means the Plan is susceptible to equity price changes in the Canadian, U.S. and EAFE markets.

The key indices that represent these markets are used to measure plan performance. The performance of the Plan's assets invested in these markets will be similar to the performance of the corresponding index.

The following table indicates the approximate change that would be expected to the net assets available for benefits based on changes in the Plan's benchmark indices at December 31, 2014:

	10% increase	10% decrease
	(thousands of dollars)	
S&P/TSX Composite Index	$ 24,139	$ (24,139)
S&P 500 Index	23,882	(23,882)
S&P 400 Index	5,125	(5,125)
MSCI EAFE Index	21,625	(21,625

No one investee or related group of investees represents greater than 10% of the market value of the Plan's common share portfolio. As well, no one holding represents more than 10% of the voting shares of any corporation.

iii) Liquidity risk

Liquidity risk is the risk that the Plan is unable to meet its contractual financial liabilities as they fall due. The Plan's contractual financial liabilities fall under three categories: accounts payable, prepaid participants contributions and the provision for annuity benefits.

The Plan's cash resources are managed daily based on anticipated cash flows. The cash requirement for the accounts payable and prepaid participant contributions obligations are managed through money market investments, short term investments and contributions to the Plan. The Provision for Annuity Obligation cash requirement is managed through short term investments, bond and debenture interest and investment maturities.

4. Investments (continued)

The following table summarizes the estimated contractual maturities of the Plan's financial liabilities at December 31:

	2014			2013		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Accounts payable						
Due < 1 year	$ 1,554	$ 531	$ 2,085	$ 1,583	$ 937	$ 2,520
1-5 years	-	-	-	-	-	-
Prepaid participant contributions						
Due < 1 year	401	-	401	290	-	290
Provision for annuity benefits						
Due < 1 year	-	2,492	2,492	-	2,460	2,460
1-5 years	-	9,420	9,420	-	9,347	9,347
After 5 years	-	18,840	18,840	-	17,373	17,373
	$ 1,955	$ 31,283	$ 33,238	$ 1,873	$ 30,117	$ 31,990

i) Securities Lending

The Plan's Statement of Investment Policies and Goals allows for the lending of its segregated securities to counterparties in exchange for pledged collateral for the purpose of generating revenue. The Statement also allows this practice to be done from within certain pooled fund investments it holds. For securities held in Canada, the current practice is to obtain collateral of at least 105% of the market value of the securities lent. Acceptable collateral pledged for securities on loan includes cash, readily marketable government bonds, treasury bills, letters of credit, discount notes and banker's acceptances of Canadian chartered banks. The Plan does not separately disclose securities lending information for its pooled fund investments with securities lending programs. In these investments, the fund itself holds title to the individual securities on loan and is subsequently responsible for securing appropriate collateral. The Plan, as a fund unit holder, shares the revenues, gains or losses that result from securities lending with all other unit holders.

At December 31, 2014 the Plan held collateral of $89.12 million (2013 - $116.81 million) for the loaned securities.

5. Investment Income

Investment income is comprised of the following:

	2014			2013		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Bond and debenture interest	$ 12,893	$ 1,531	$ 14,424	$ 12,514	$ 1,448	$ 13,962
Short-term interest	859	17	876	869	61	930
Dividends	17,051	-	17,051	16,054	-	16,054
	$ 30,803	$ 1,548	$ 32,351	$ 29,437	$ 1,509	$ 30,946

6. Contributions and Transfers In

Contributions and transfers in are comprised of the following:

	2014			2013		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Participants' contributions	$ 20,326	$ -	$ 20,326	$ 19,832	$ -	$ 19,832
Members' contributions	16,781	-	16,781	16,489	-	16,489
Voluntary contributions	3,051	-	3,051	2,822	-	2,822
Transfers into the fund	10,981	-	10,981	6,629	-	6,629
Interfund transfers	(747)	747	-	(552)	552	-
	$ 50,392	$ 747	$ 51,139	$ 45,220	$ 552	$ 45,772

7. Withdrawals and Transfers Out

Withdrawals and transfers out are comprised of the following:

	2014			2013		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
	(thousands of dollars)					
Withdrawals	$ 42,620	$ -	$ 42,620	$ 34,635	$ -	$ 34,635
Transfers to other pension plans	1,899	-	1,899	1,151	-	1,151
Payments to Variable Benefit Members	15,965	-	15,965	12,296	-	12,296
Payments to RAF Members	-	2,493	2,493	-	2,195	2,195
Provision for payments to members of the fund	-	8	8	-	43	43
	$ 60,484	$ 2,501	$ 62,985	$ 48,082	$ 2,238	$ 50,320

8. Capital Assets

Capital assets at cost less accumulated amortization:

	Cost	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
		(thousands of dollars)		
Computer equipment and software	$ 974	$ 966	$ 8	$ 12
Office furniture	31	31	-	-
	$ 1,005	$ 997	$ 8	$ 12

9. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards and commissions related to the Plan by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan (collectively referred to as "related parties").

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. These transactions, and amounts outstanding at year end, are as follows:

	2014			2013		
	Defined Contribution Fund	Retirement Annuity Fund	Total	Defined Contribution Fund	Retirement Annuity Fund	Total
			(thousands of dollars)			
Participants' contributions	$ 13,138	$ -	$ 13,138	$ 12,758	$ -	$ 12,758
Investment income	215	119	334	188	117	305
Interest and dividends receivable	44	48	92	71	47	118
Contributions receivable	249	-	249	77	-	77

Other transactions and amounts due to and from related parties are described separately in these financial statements and the notes thereto.

10. Provision for Annuity Obligation

The provision for annuity obligation is the actuarial present value of the future expected annuity benefit obligation to pensioners as annually determined as at December 31 by AON Hewitt, an independent actuary. The actuarial valuation is a complex process requiring professional judgment. Measurement of this amount is uncertain, as estimates must be made of future interest rates and mortality rates.

For purposes of this actuarial valuation, a discount rate of 3.60% (2013 – 4.30%) was used. In addition, mortality is assumed to be in accordance with the Final 2014 Canadian Pensioner Mortality Table (Public Sector) adjusted by 50% of the pension size adjustment factor as suggested in the Canadian Institute of Actuaries' Final Canadian Pensioners Mortality Report – February 2014.

Using these actuarial assumptions, if the discount rate used increases by 1%, the provision for annuity benefits decreases by approximately $2.24 million or if the discount rate used decreases by 1%, the provision for annuity benefits increases by approximately $2.85 million. If average mortality age increases by 1.0 year the provision for annuity benefits increases by approximately $1.45 million.

During the year, the Crown Investments Corporation Board of Directors approved the use of a portion of the reported fund surplus at December 31, 2013 to provide eligible RAF participants with an ad hoc indexing pension increase. The increase amount, beginning January 1, 2015, will restore 20% of the percentage increase in Canadian inflation from the time a participants' annuity commenced until December 31, 2012.

11. Accounts Payable

During the year, management continued the distribution of the reserve fund in accordance with an order received on August 31, 2009 from the Saskatchewan Court of Queen's Bench. Management has reduced its liability by $0.39 million for a total remaining reserve fund amount of $0.50 million (2013 – reduced the liability by $6.21 million, total reserve amount of $0.89 million) payable to the remaining eligible members of the Plan.

It is expected that the remaining reserve fund balance will be disbursed during 2015 according to Court direction.

12. Investment Performance

The DCF and the RAF investments are managed by professional investment managers whose investment performance is measured against objectives established by the Capital Pension Plan Board of Directors as outlined in the Statement of Investment Policies and Goals. The DCF consists of two investment options available to plan members, the Diversified Fund and Pre-Retirement Fund.

The investment objective of the DF is to provide long-term growth within acceptable limits of risk. Based on this objective, the DF is a balanced fund including investments in equities, bonds and debentures, real estate and short term instruments.

The investment objective of the PRF is to preserve capital over the short-term. The PRF is invested solely in short-term money market instruments.

The Board of Directors reviews the investment performance of the funds in terms of the performance of the benchmark portfolios over 4 year rolling periods. The primary long-term investment performance objective for each of the Funds is to outperform a benchmark portfolio.

The following is a summary of the DCF's investment performance, calculated before expenses:

	2014 Return		Rolling Four Year Return	
	Diversified Fund	Pre-Retirement Fund	Diversified Fund	Pre-Retirement Fund
Actual rate of return	9.9	1.1	9.3	1.1
Benchmark rate of return	9.6	0.9	8.6	1.0

The investment objective of the RAF is to provide sufficient liquidity to ensure payment to annuitants when due and to ensure long-term solvency of the Fund. The Fund pursues a duration matching investment strategy that immunizes the portfolio from interest rate fluctuations. As a result, there is no benchmark return for the RAF.

13. Operating Expenses

The costs associated with the Plan's administration are allocated as operating expenses on the statement of changes in net assets available for benefits. The Plan reimburses the Corporation for salaries, DCF employer pension contributions and other benefits incurred as the administrator of the Plan.

	2014	2013
	(thousands of dollars)	
Investment management fees	$ 3,317	$ 3,039
Custodial fees	190	189
Salaries and benefits	932	933
Audit fees	39	37
Actuarial fees	17	16
Other administration costs	524	552
	5,019	4,766

Salary and benefit costs are attributable to both key management and all other administration personnel. Key management personnel are those persons having the authority to plan, direct and control Plan activities.

	2014	2013
	(thousands of dollars)	
Key management personnel		
Salaries	$ 310	$ 305
Defined contribution pension plan	19	18
Other benefits	39	38
	368	361
Other personnel		
Salaries	472	480
Defined contribution pension plan	28	27
Other benefits	64	65
	564	572
	$ 932	$ 933

14. Transfer of DCF Member Funds

The Plan has begun the process of transferring the net assets of the DCF to the Public Employees' Pension Plan. This process will result in the member accounts of the DCF being transferred out of the Plan and is expected to be completed by July 31, 2015. The RAF will not be affected by this transfer.